



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, APRIL 16, 1997

AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE DEPARTMENT WILL NOT CHALLENGE MERGER
OF BATON ROUGE SURGEONS**

WASHINGTON, D.C. -- Two groups of surgeons currently practicing in Baton Rouge, Louisiana, will be allowed to merge into a single, integrated practice group in order to contract more efficiently with managed care and other third party payers, the Justice Department said today.

In a Business Review Letter issued by the Department's Antitrust Division, Acting Assistant Attorney General Joel I. Klein indicated it is not likely that the proposed merger will have any significant adverse competitive effects.

The Department analyzed the merger's impact on a group of about 60 peripheral vascular procedures that doctors from each group perform. In the letter to Bob Tucker, counsel for CVT Surgical Center (CVT) and Vascular Surgery Associates of Baton Rouge (VSA), Klein noted that these "overlap" procedures accounted for only about 15 percent of the work of the CVT surgeons.

The Department did not accept the groups' contention that the relevant geographic market extended all the way to New Orleans. Instead, the Department considered the effect of the proposed merger using a range of assumptions about the relevant market size.

The Department noted that even in a narrow market limited to Baton Rouge -- a market in which the merged entity would include about 50 percent of the vascular surgeons who advertize in the Baton Rouge Yellow Pages -- several factors mitigated against concerns that the merged firm might reduce competition.

The Department noted that (1) a New Orleans-based clinic had opened a facility in Baton Rouge and peripheral vascular surgeons affiliated with that clinic either already practice in Baton Rouge or would begin to do so in response to a price increase; (2) there are other types of specialists, such as cardiologists, that are available to perform many of the overlap procedures; (3) payers appear to need very few peripheral vascular surgeons (perhaps only one) in a network; and (4) payers informed the Department that they felt confident they could turn to reliable market substitutes or recruit such substitutes into the market should the merged groups attempt to raise prices anticompetitively.

After noting these mitigating factors, the Department concluded that the proposed merger was not likely to create anticompetitive market power or substantially lessen competition.

In addition, Klein indicated that CVT and VSA expect to achieve significant efficiencies, including improved patient care as a result of further specialization permitted by the increased patient volume.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust

Division and receive a statement whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 215 North, Liberty Place, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

###